



Northwest Region  
International Banking  
FIOR, T-19

Interoffice Correspondence

To: **Duncan Barker (via FAX) 213 614 5095**  
**Harry Shourie (via FAX) 415 773 6829**  
**Matt Whitney**  
**John Meyers (via FAX) 213 614 3430**  
**John Olson (via FAX) 415 392 7145**

Date: **October 3, 1995**

From: **Kip Acheson**

Phone: **(503) 220-4800**

Subject: **San Francisco Meeting**

Listed below are the particulars for the upcoming meeting:

Date: **October 10, 1995**  
Time: **9:30 AM - 4:00 PM**  
Location: **23rd Floor**  
**345 California Street**  
**San Francisco, CA**

#### **Agenda**

9:30      Coffee  
9:45      Introductions  
10:00     Brief Overview      (ECC)  
10:15     Operational System Review (ECC)  
          • Systems Design  
          • Operational Flows  
          • Credit Controls  
          • Reports  
          • Pricing  
12:00     Lunch (In-house)  
12:30     FI Cash Management (FI)  
1:00      Open Discussion  
          • Benefits of joint program  
          • Form of potential relationship  
          • Marketing issues  
3:00      Break  
3:30      Wrap-up -- Next step

# Agenda

*Exportline*

---

- Introduction
- Brief Overview of ECC
- Operational Systems Review
- Bank Services Available (control accounts, cash management, foreign payments/remittances, etc.)
- Benefits of Joint Program
- Form of Potential Relationship
- Marketing Issues



Export Credit Corporation

Executive Introduction

---

Confidential

# Operational Systems Review

*Exportline*

---

## ECC's Primary Operational Objectives

- Provide efficient delivery of export financing and receivable administration services to small and medium-size exporters.
- Organize export finance documentation to meet credit insurer's policy mandates.
- Provide instant access to documentation through electronic imaging and computerized document management systems.
- Create an extensive exporter/buyer/documentation database for marketing, administration and management information purposes.



Export Credit Corporation

Executive Introduction

---

Confidential

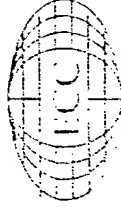
# Operational Systems Review

*Exportline*

---

## Systems Design

- ECC is developing an integrated PC based system to provide comprehensive export finance administrative services to fill the needs of:
  - Exporters
  - Banks/Lenders
  - Insurers
  - Investors in Securitized Assets
- The system is designed around multiple integrated data files:
  - Exporter Information
  - Foreign Buyer Information
  - Insurance Policy Information
  - Buyer Purchase Orders
  - Invoice Information
  - Financing Requests
  - A/R Tracking and Remittances
  - Claims information
  - Shipment Information and Documentation Capture



Export Credit Corporation

Executive Introduction

Confidential

# Operational Systems Review

*Exportline*

---

## Operational Flows

**System uses modules to process information supplied by exporters:**

- Prequalification of exporter and foreign buyers.
- Creation of application to insurer.
- Upon issuance of insurance, set-up exporter's credit limit, foreign buyer sub-limits and other policy parameters.
- Exporter enters preliminary buyer orders which will be tested against controls and limits established by ECC.
- Shipment information is entered by exporter and confirmed by ECC against archived shipping documents.
- Final invoice information is entered.
- Exporter requests financing by invoice, ECC verifies invoices are eligible for financing.
- ECC tracks all foreign receivables through collection.



Export Credit Corporation

Executive Introduction

Confidential

# Operational Systems Review

*Exportline*

---

## Credit Controls Built into ECC's System:

- Exporters and buyers are pre-qualified.
- All orders/invoices are tested against credit limits and other terms of policy for financing eligibility.
- ECC calculates and pays premiums to insurer.
- ECC provides reports to Bank and insurers.
- ECC captures, archives and verifies relevant shipping documents.
- ECC tracks aging and collection of receivables.
- ECC sets up early warning system to identify problems, meet reporting and other policy requirements.
- ECC responsible for claims administration process.



Export Credit Corporation

Executive Introduction

---

Confidential

# Operational Systems Review

*Exportline*

---

## Sample of ECC Reports

- Application Tracking Report
- Exporter Credit Limit and Terms of Financing
- Policy Information Report
  - Policy Aggregate Limit
  - Foreign Buyer Sub-Limits
  - Country Limits, if applicable
  - Other Terms of Policy
- Document Checklist
- Funding Checklist
- Funding Requirement Status Report
- Eligible Shipment/Invoice List
- Shipment Report
- Premium Payment Report
- Accounts Receivable Aging
- Cash Applications Report
- Past Due Report
- Notice of Buyer Suspension
- Notice of Buyer Termination
- Claim Filing Checklist



Export Credit Corporation

Executive Introduction

Confidential

# Operational Systems Review

*Exportline*

Assumptions included in original projections were based on ECC providing administrative services and financing.

<u>Service Fee:</u>	<u>Average Annual</u>	<u>Earned on Monthly</u>
	<u>Export Volume</u>	<u>Shipments Outstanding</u>
Small	\$2,000,000	.83%
Medium	\$6,000,000	.50%
Large	\$10,500,000	.33%

## Interest Spread:

Small	Prime + 1.0%
Medium	Prime + .5%
Large	Prime



Export Credit Corporation

Executive Introduction

Confidential



# Operational Systems Review

*Exportline*

---

Modified assumptions based on ECC providing administrative services and Bank providing funding.

<u>Service Fee:</u>	Average Annual	Earned on Monthly
	<u>Export Volume</u>	<u>Shipments Outstanding</u>
Small	\$2,000,000	.50%
Medium	\$6,000,000	.33%
Large	\$10,500,000	.167%

## Interest Spread:

Small	Prime + 2.0%
Medium	Prime + 1.0%
Large	Prime



Export Credit Corporation

Executive Introduction

Confidential

# Benefits of Joint Program

*Exportline*

---

- Enable FIB to offer expanded trade finance to new and existing customers without need to add infrastructure, marketing and operational personnel.
- ECC's comprehensive systems will assure FIB that financed export receivables are covered by credit insurance should a claim arise.
- Joint development program will enable Bank to have input into comprehensive system, increase account relationships and other banking services.
- ECC's relationship with Lombard Investments offers the possibility of providing equity financing to qualified exporters, which can facilitate the exporter's growth and enhance lending opportunities to the Bank.



Export Credit Corporation

Executive Introduction

---

Confidential

# Form of Potential Relationship

Exportline

- Contract between ECC and FIB to provide export finance administrative services to FIB export customers.
- *until now* Begin on a ~~pilot~~ basis in California with a limited number of exporters, *many*
- *Rech* Use prototype computer system currently under development ~~by ECC.~~
- *Complete* ~~Concurrently~~ develop comprehensive on-line system using knowledge gained from ~~pilot project~~ *the initial phase* with input from exporters and Bank.



Export Credit Corporation

Executive Introduction

Confidential